



State of Washington
Department of Revenue

Excise Tax Advisory

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NUMBER: 499.12.170/178 *Repealed June 30, 2000*

CONVERSION DATE: July 1, 1998

TAX LIABILITY ON MATERIALS PURCHASED BY CONTRACTORS IN IDAHO FOR USE IN WASHINGTON

Issued August 15, 1975

Repealed June 30, 2000

Under the Idaho sales and use tax law all construction contractors are defined as consumers of the construction materials. The Idaho Tax Commission staff has taken the position that Idaho's sales or use tax applies not only to persons purchasing materials to perform construction contracts in Idaho, but to all materials sales to such persons, irrespective of where the construction work will be done.

Because of this interpretation, Idaho vendors are not permitted to accept resale certificates from Washington contractors purchasing materials in connection with construction contracts in Washington. If such a contractor is a user (e.g., a speculative builder) he may take a credit against his Washington use tax liability for Idaho sales or use tax paid on the materials used in Washington.

However, if the contractor is a retailer, he is required to collect Washington sales tax from his customer on his gross contract price, and there is no provision under Washington law by which a credit can be given against the sales tax due on the contractor's sale for Idaho sales or use tax paid by the contractor. The credit in our law is allowable only to a user in Washington who paid a use or sales tax elsewhere.

Thus, construction contractors making retail sales in Washington must collect and report the full amount of Washington sales tax and if the contractor purchases the materials involved in Idaho, he can avoid being required to pay the Idaho tax as well only by taking delivery of such materials in Washington; i.e., by requiring the seller to deliver into Washington.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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